

A GRALLA PUBLICATION

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

NEW CES PRODUCTS FUEL THE BOOM IN CONSUMER ELECTRONICS SALES

Robots: the ultimate home computers
Is shop-at-home retailers' friend or foe?
Consumers upgrade to more featured phones
Sophistication, stereo, mark video intros

Image for major appliances
Retailers react to high tech in personal care

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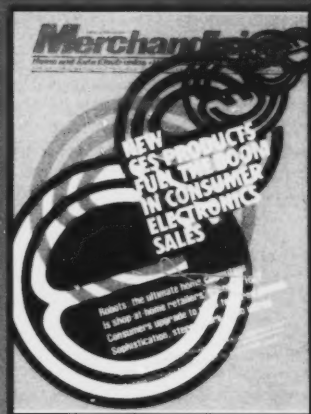
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Merchandising

FOR OVER 56,200 RETAILERS & WHOLESALERS

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Merchandising's TOP 50 FIFTY

Top 30 in videocassette rentals

TITLE	Last month's position	Months on chart
1. Sudden Impact (Warner) GP	3	2
2. Trading Places (Paramount)	1	3
3. Uncommon Valor (Paramount)	—	1
4. Octopussy (CBS/Fox)	4	2
5. Mr. Mom (Vestron)	5	4
6. The Dead Zone (Paramount)	14	2
7. Under Fire (Vestron)	20	2
8. WarGames (CBS/Fox) G	2	3
9. Star 80 (Warner) GP	13	2
10. Never Say Never Again (Warner) GP	7	3
11. D.C. Cab (MCA) G	15	2
12. Gorky Park (Vestron)	—	1
13. Tootsie (RCA/Columbia)	6	4
14. Osterman Weekend (Thorn EMI) GP	27	2
15. The Making of Michael Jackson's Thriller (Vestron) GP	9	5
16. Caligula (Vestron)	19	2
17. Risky Business (Warner)	8	6
18. Star Chamber (CBS/Fox)	11	3
19. Raiders of the Lost Ark (Paramount)	10	6
20. Zelig (Warner) G	—	1
21. National Lampoon's Vacation (Vestron) GP	16	6
22. Revenge of the Ninja (MGM/UA)	—	1
23. Flashdance (Paramount)	28	9
24. Tender Mercies (Thorn EMI)	21	6
25. Easy Money (Vestron)	12	3
26. Nate and Hayes (Paramount)	24	2
27. Tomorrow (U.S.A. Films)	—	1
28. The Man Who Loved Women (Columbia)	—	1
29. Delirious (Paramount)	—	5
30. Twilight Zone—The Movie (Warner)	—	5

Top 10 in videocassette sales

1. The Making of Michael Jackson's Thriller (Vestron) GP	2	5
2. Jane Fonda's Workout (Karl Home Video)	1	23
3. Raiders of the Lost Ark (Paramount)	4	7
4. Do It Debbie's Way (Video Associates)	—	1
5. Trading Places (Paramount)	3	3
6. Sudden Impact (Warner) GP	—	1
7. Flashdance (Paramount)	5	9
8. Never Say Never Again (Warner)	—	2
9. Risky Business (Warner) GP	10	6
10. Octopussy (Paramount)	6	2

Top 5 in CED videodisc sales

1. Sudden Impact (Warner) GP	1	2
2. Never Say Never Again (Warner)	—	1
3. The Making of Michael Jackson's Thriller (Vestron)	4	3
4. Octopussy (CBS/Fox)	2	2
5. Trading Places (Paramount)	—	1

Top 5 in laserdisc sales

1. Sudden Impact (Warner) GP	2	2
2. The Making of Michael Jackson's Thriller (Vestron)	3	4
3. Raiders of the Lost Ark (Paramount)	1	6
4. Trading Places (Paramount)	4	2
5. Never Say Never Again (Warner)	5	3

- G—Title has gone gold—has sold 25,000 on disc and/or cassette and has sales of at least \$1 million. (RIAA/Video)
 P—Title has gone platinum—has sold 50,000 on disc and/or cassette and has sales of at least \$2 million. (RIAA/Video)
 I—Golden Videocassettes award—has audited return of sales or rentals of \$1 million unless company has a return policy. Then, the allowance must be deducted from the gross revenue. (ITA)

VIDEO/NEW RELEASES

CBS FOX

THE BEST OF 60 MINUTES A compilation of some of the most gripping segments of 60 Minutes ever shown were chosen by executive producer Don Hewitt from over 1,400 stories. One segment shows Ed Bradley when he traveled to the coal mines of W. Virginia where coal miners were subjected to sexual harassment. Dealer support material is available. *Color C: \$59.98.*

EMBASSY

CHILDREN OF THE CORN A young couple stumble into chaotic violence in a small midwestern farming town where a boy preacher has exhorted the children to slaughter all grownups to appease a satanic demon. Stephen King's latest thriller stars Peter Horton and Linda Hamilton. *Color R C: \$69.95 LV: \$34.98 CED: \$29.95.*



SILKWOOD (1983) The marvelous Meryl Streep stars in this compelling drama based on the personal and professional struggle of Karen Silkwood, who died mysteriously in a car accident while attempting to expose the dangers of a plutonium plant. Kurt Russell portrays Silkwood's boyfriend Drew and Cher plays Dolly Pelliker. *Color C: \$79.95 LV: \$44.95 CED: \$39.95.*

KARL

COMPUTABILITY This Steve Allen/Jayne Meadows tape is designed to help viewers learn how their individual needs might best be served by home computer software. In addition to a complete introduction and glossary, number-based spread programs are explored. *Color C: \$39.95*

MCA

CRACKERS (1984) Donald Sutherland and Sean Penn are the "masterminds" in this deftly crafted comedy about a group of eccentric San Francisco neighbors who decide that the only way to make an honest buck is to steal it. But to no one's surprise but their own, the would-be burglars are more successful at falling down coal chutes and blowing up apartment buildings than robbing a single store. *Color PG 92 minutes C: \$59.95 LV: \$29.98 CED: \$19.98.*

THE LONELY GUY (1984) Larry Hubbard (Steve Martin) portrays a

struggling greeting card writer living in New York who is forced to leave his girlfriend Danielle (Robyn Douglass) after he finds her in bed with another man. Larry loses his greeting card company job and writes a best-selling novel about being a lonely guy. He becomes a celebrity and has women crawling at his feet—except for the one he wants. *Color R 91 minutes C: \$69.95 LV: \$29.98 CED: \$19.98.*

MGM/UA

THE OTHER SIDE OF NASHVILLE A unique musical experience, this music video provides candid interviews and rare back stage footage with such artists as Willie Nelson, Johnny Cash and Kris Kristofferson. Some 40 songs, including The Gambler by Kenny Rogers and Two More Bottles of Wine by Emmylou Harris, are included. *Color 118 minutes VHS stereo and Beta HiFi C: \$59.95.*

PARAMOUNT

TERMS OF ENDEARMENT (1983) From grand slapstick to deepest sentiment, this film explores the relationship between two women—Aurora Greenway (Shirley MacLaine) and her daughter Emma (Debra Winger). The film was recently awarded five Oscars by the Academy of Motion Pictures Arts and Science, including Best Picture of 1983. Point-of-purchase materials, including posters and window banners, are available. *Color C: \$39.95 LV: \$39.95 CED: \$29.95.*

RCA/COLUMBIA

RICK SPRINGFIELD PLATINUM VIDEOS Six conceptual music video clips are included in this program, including Affairs of the Heart, Living in Oz and What Kind of Fool Am I? *Color or 30 minutes C: \$19.95.*

THORN EMI

ANGEL (1984) An honor student by day and prostitute by night, 15-year-old Molly Stewart (Donna Wilkes) becomes the marked target of a deranged killer who preys on Hollywood Boulevard prostitutes. *Color R 94 minutes C: \$79.95.*

COVERGIRL (1983) The heartaches and struggles involved in one girl's rise to become a superstar model are depicted. This movie also provides a provocative insight into the world of beauty and fashion. *Color R 98 minutes C: \$59.95.*

WALT DISNEY

MICKEY One of seven limited Gold Edition titles, this tape spotlights the wonderful Mickey Mouse in seven of his greatest screen adventures. The vintage "Steamboat Willie," which shows Mickey in his first screen appearance, is included in the tape. Point-of-purchase aids are available to promote each title in the Limited Gold collection, and the videotapes will be available for a limited time only. *Color C: \$29.95 CED: \$19.95.*

Most retailers polled buy software from local distributor companies

Last of a
three-part series

What portion (%) of your software is purchased from each of the following? (Based on 127 replies)

	Percent of Response			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
Local distributor	41.0%	56.6%	40.4%	27.7%
National distributor	33.6	33.1	34.2	35.0
Direct from man.	25.4	13.3	25.4	37.3
Total	100.0%	100.0%	100.0%	100.0%

What portion (%) of your computer software is covered by a stock balancing program? (Based on 106 replies)

	Percent of Response			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
None	53.8%	39.1%	62.3%	45.4%
Less than 25%	9.4	3.0	14.3	4.6
25% to 49%	4.7	4.4	4.9	4.6
50% to 74%	11.3	8.7	11.5	13.6
75% to 99%	7.8	17.4	1.6	13.6
100%	13.2	30.4	4.9	18.2
Total	100.0%	100.0%	100.0%	100.0%

Is your computer software displayed by 'subject' or 'manufacturer?' (Based on 129 replies)

	Percent of Response			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
Subject matter	73.6%	64.0%	78.2%	69.2%
Manufacturer	67.5	76.0	65.4	65.4

What portion (%) of your software is displayed in each of the following ways? (Based on 115 replies)

	Percent of Software			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
Open shelves/racks	44.1%	22.2%	53.4%	39.4%
Locked cases	37.7	68.9	26.4	37.9
Pop displays	14.9	8.9	17.6	13.1
Other	3.3	0.0	2.6	9.6
Total	100.0%	100.0%	100.0%	100.0%

Which of the following do you use to train employees in selling computer merchandise? (Based on 143 replies)

	Percent of Response			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
Books, literature, manuals	73.4%	63.4%	73.6%	60.0%
Aids from manufacturers	52.7	56.3	55.2	60.0
Aids from distributors	51.4	40.0	54.0	55.3
Classes	41.5	40.0	39.1	40.0
Videotapes	38.5	42.3	38.3	40.0
Other	9.3	0.0	9.3	0.0

By Frank Cavaliere, associate editor

NEW YORK—Where do retailers buy their computer software? As a group, most are turning to local distributors.

But that changes significantly when multi-unit electronics chains are broken out of the group. Most of these stores buy directly from the manufacturer. Apparently, they feel confident enough to go it alone—without the extensive support services provided by either a national or a local distribution company.

These were among the findings detailed in the third and final part of a retailer survey done by *Merchandising*. Part one of findings from the survey ran in the April issue. Part two, which concerned itself with how retailers felt about their relationships with hardware, software and peripheral manufacturers, ran in May. In this, the third part, statistics reveal how retailers buy, stock, display and demonstrate computer products and train employees.

Most widely used method

When asked what portion of their software is purchased from a local distributor, national distributor or directly from a manufacturer, 41 percent of the 127 respondents queried said they used a local distributor. Almost one-third (33.6 percent) said they bought their software from a national distributor, while 25.4 percent said they purchased their merchandise directly from suppliers.

When separated into the mass merchandisers and electronics single-unit and electronics multi-unit categories, the results were slightly changed. The first two store divisions had similar response ratios.

Of mass merchandisers, 56.6 percent of those questioned said they used a local distributor, 30.1 percent a national firm and the remaining 13.3 percent said they bought directly from manufacturers.

Electronics single-unit outlet responses elicited similar results in that 40.4 percent of those asked said they use local distributors. More than one-third, or 34.2 percent, said they used national distributors while the rest (25.4 percent) said they purchased the software directly from vendors.

It was only in the electronics multi-unit area that the findings showed a significant change. The majority, with 37.3 percent, of those multi-unit retailers questioned said they bought directly from manufacturers, followed closely by the 35 percent of those asked who said they used a national distributor. Interestingly, only 27.7 percent said they

used a local distributor.

Retailers were not asked to elaborate on this question, so any conclusions are purely speculative. But the results do seem to suggest that multi-unit electronics units believe that they have a better grasp of merchandising software than their counterparts. They are willing to forego the support provided by distribution firms in order to save money by using the time-consuming method of contacting individual manufacturers.

Retailers were also asked what portion of their computer software was covered by a stock balancing program. Of the 106 respondents, 53.8 percent said that none of their software stock is covered by any such manufacturer credit program.

In each case, be it mass merchandisers, multi- or single-unit electronics outlets, the largest category in terms of percentage was the "none" response. Some 39.1 percent of mass merchandisers said that no part of their stock was covered by a stock balancing program.

The percentage rose a bit when asked of multi-unit electronics merchandisers, with a 45.4 percent of the total saying they didn't have such a program. And it rose to its peak when 62.3 percent of the single-unit electronics retailers said they didn't have a stock balancing program.

Might spell future trouble

The lack of such a retailer/manufacturer agreement could spell trouble. Again, for this question, the survey did not request further remarks, so conclusions cannot be drawn with certainty.

Nevertheless, without such an established program whereby retailers receive credit when agreeing to stock an updated software line while trying to dispose of older, slow-selling or ill-conceived product, the software business might suffer.

As the tricky business of predicting what new software will move becomes even more difficult, retailers may demand such agreements from vendors.

And if they do not receive such programs they might find that stocking software isn't worth the effort.

When retailers do stock software, most of them prefer to group it by subject rather than manufacturer. When asked how their computer software is displayed, 73.6 percent of 129 retailers said they preferred stocking by subject. Those that preferred stocking by manufacturer accounted for 67.5 percent of the total. (The over-100-percent response is due to

(Continued on page 82)

How important are demonstration tapes/videos in selling computer products? (Based on 145 replies)

	Percent of Response			
	All Replies	Mass Mdsrs	Electronics Single-Unit	Electronics Multi-Unit
Very	44.7%	42.3%	41.0%	41.0%
Moderately	35.5	35.0	35.0	35.0
Somewhat	18.3	18.3	18.3	18.3
Not at all	1.5	0.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%

Vendors predict boom in future robot sales

(Continued from page 74)

three to five years. "More home robots will be coming from appliance manufacturers like General Electric and White-Westinghouse. When you think about it, a dishwasher is nothing more than a dedicated task robot," he said.

Three companies display

In addition to Heath, RB Robot and Androbot, Inc. displayed units at the exposition. The three companies are the largest producers of

personal robots.

One of the models displayed by Androbot (which is headed by Nolan Bushnell, the founder of Atari and the Chuck E. Cheese Pizza Time Theatre chain) was Topo II. Priced at \$1,700, it can walk or talk, guided by an infrared light source that links the unit to an Apple IIe or Commodore 64 command center.

Engineer Dave Oppenheim explained that his company views Topo as a peripheral to a personal computer, rather than a self-contained product.

For the more financially well-heeled, Androbot is offering B.O.B., the company's higher-end model which retails for \$4,000. B.O.B. stands for "brains on board" and is more sophisticated than its companion unit.

B.O.B. has an ultrasonic range-finder that measures the distance between an object and its current position. And it comes equipped with a lift, enabling it to move items about a house.

Oppenheim described his robots, Topo in particular, as "very expensive entertainment."

Somewhat more effusive about the uses for his product was David Holston, a manufacturing manager for RB Robot. He described RB's RB5X as performing two main tasks.

"It can be an educational tool, with excellent physics value because it can teach children about volume and movement. And you can also play games with it. Our robot can keep score because it has artificial intelligence," he explained.

Unlike Androbot, RB's basic robot is controlled by a tiny chip called an EPROM, short for "erasable programmable read-only memory." Holston said his company has sold over 800 RB5X's in the 1 1/4 years the \$2,295 unit has been on the market. The price is for the basic model, additional pieces are extra.

He foresaw a bright future for his product, despite its current relatively high price. "By 1990, four out of every 10 homes will have a robot."

"We are part of the beginning," he said. "We can tell our grandchildren we built the first robot."

Entertaining should be a dress-up occasion.



It's Oak Classics, the striking collection of entertainment furniture that combines the rich warmth of solid oak and oak veneers. The detailing leaves nothing to be desired, nor does the hand-rubbed finish. The entire collection is modular, so the numerous pieces can be sold individually or in any arrangement that is most pleasing to your customers and most profitable for you.

The Oak Classics Collection from Bush. With our new OAK 170 SERIES of computer furniture, we've got the number one line of hardwoods. Plant Bush Oak Classics under your audio/video gear and watch your profits grow.



Bush Industries, Inc.

Most retailers use open racks to show software

(Continued from page 78)

some retailers using both methods.)

Conventional wisdom holds that merchandising by subject matter is more convenient for customers. Record and videocassette stores stock by grouping albums or tapes according to type of entertainment rather than label.

A difference of opinion also was evident when retailers were asked how their software was displayed. Taken as a group, 44.1 percent of 115 respondents said most of their software was shown on open shelves or racks. Locked cases came in second with 37.7 percent of the total. Point-of-purchase displays followed with 14.9 percent, and other methods accounted for 3.3 percent of the total.

But open shelves and racks were not the across-the-board choice. Both single- and multi-unit electronics operations preferred the display method, but 68.9 percent of these mass merchandisers polled said they primarily use locked cases. Their choice can perhaps be attributed to the higher shrinkage and security problems that plague larger, chain operations.

As for training the staff, 73.4 percent of those asked said they rely on a combination of books, literature and training manuals.

In responding to the question "Which of the following do you use to train employees in selling computer merchandise?" 58.7 percent of the 143 replies listed manufacturers' aids as the second most popular choice for training employees. Following were aids from distributors with 52.4 percent of the total; classes, with 44.8 percent; videotapes, with 38.5 percent, and other methods, with 6.3 percent.

Using more than one method, here again, caused the total percentage to exceed 100 percent.

The questionnaire asked retailers to elaborate on how important demonstration tapes and videos are in selling computer products. Almost 45 percent (44.2) of 145 retailers said such demonstrations are very important while 25.5 percent said they are only moderately important. Almost 20 percent (19.3) thought tapes and videos were valuable and only 11 percent felt they held no value whatsoever.